



St. John's Bread & Life Program, Inc.

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2018 and 2017

MARKS PANETH

ACCOUNTANTS & ADVISORS

ST. JOHN'S BREAD & LIFE PROGRAM, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2018 AND 2017

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Marks Paneth LLP
4 Manhattanville Rd,
4th Floor, Suite 402
Purchase, NY 10577
P 914.524.9000
F 914.524.9185
markspaneth.com

New York
New Jersey
Pennsylvania
Washington, DC
Florida

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
St. John's Bread & Life Program, Inc.

We have audited the accompanying financial statements of St. John's Bread & Life Program, Inc. ("Bread & Life" or the "Organization") which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bread & Life as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

Purchase, New York
October 24, 2018

ST. JOHN'S BREAD AND LIFE PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents (Note 2C)	\$ 78,577	\$ 432,536
Certificate of deposit (Notes 2D and 5)	250,000	250,000
Contributions receivable (Notes 2H and 3)	115,700	199,188
Government receivable (Note 4)	274,396	215,181
Other receivables (Note 2E)	1,970	5,590
Inventory (Note 2F)	61,818	77,721
Prepaid expenses	95,475	108,354
Property and equipment, net (Notes 2G and 6)	5,416,051	5,644,472
TOTAL ASSETS	\$ 6,293,987	\$ 6,933,042
 LIABILITIES		
Accounts payable and accrued expenses	\$ 201,568	\$ 209,391
TOTAL LIABILITIES	201,568	209,391
 COMMITMENTS AND CONTINGENCIES (Note 8)		
 NET ASSETS (Note 2B)		
Unrestricted	5,783,421	6,321,288
Temporarily restricted (Note 9)	308,998	402,363
TOTAL NET ASSETS	6,092,419	6,723,651
TOTAL LIABILITIES AND NET ASSETS	\$ 6,293,987	\$ 6,933,042

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S BREAD AND LIFE PROGRAM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>
OPERATING ACTIVITIES:						
PUBLIC SUPPORT AND OTHER REVENUE:						
Public Support:						
Individuals	1,119,035	\$ -	\$ 1,119,035	934,380	\$ -	\$ 934,380
Corporations	30,850	-	30,850	54,240	-	54,240
Foundations	382,353	715,657	1,098,010	260,200	792,980	1,053,180
Government	726,332	-	726,332	654,465	-	654,465
Religious Organizations	14,000	-	14,000	53,200	-	53,200
Special Events	456,048	-	456,048	389,226	-	389,226
Miscellaneous	66,558	-	66,558	11,973	-	11,973
In-Kind Donations (Note 2I)	168,616	-	168,616	196,096	-	196,096
In-Kind Services (Note 2I)	22,494	-	22,494	142,695	-	142,695
Net assets released from restrictions (Note 9)	809,022	(809,022)	-	853,027	(853,027)	-
Total Public Support	<u>3,795,308</u>	<u>(93,365)</u>	<u>3,701,943</u>	<u>3,549,502</u>	<u>(60,047)</u>	<u>3,489,455</u>
EXPENSES:						
Operating Expenses:						
Program services						
Meals and nutrition	1,813,516	-	1,813,516	1,713,993	-	1,713,993
Social services	1,550,566	-	1,550,566	1,443,934	-	1,443,934
Total Program Services	<u>3,364,082</u>	<u>-</u>	<u>3,364,082</u>	<u>3,157,927</u>	<u>-</u>	<u>3,157,927</u>
Supporting services						
Cost of direct benefits to donors	25,080	-	25,080	24,525	-	24,525
Fundraising	539,790	-	539,790	528,320	-	528,320
Management	404,223	-	404,223	399,814	-	399,814
Total Supporting Services	<u>969,093</u>	<u>-</u>	<u>969,093</u>	<u>952,659</u>	<u>-</u>	<u>952,659</u>
Total Operating Expenses	<u>4,333,175</u>	<u>-</u>	<u>4,333,175</u>	<u>4,110,586</u>	<u>-</u>	<u>4,110,586</u>
CHANGE IN NET ASSETS	(537,867)	(93,365)	(631,232)	(561,084)	(60,047)	(621,131)
NET ASSETS - Beginning of Year	<u>6,321,288</u>	<u>402,363</u>	<u>6,723,651</u>	<u>6,882,372</u>	<u>462,410</u>	<u>7,344,782</u>
NET ASSETS - END OF YEAR	<u>\$ 5,783,421</u>	<u>\$ 308,998</u>	<u>\$ 6,092,419</u>	<u>\$ 6,321,288</u>	<u>\$ 402,363</u>	<u>\$ 6,723,651</u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S BREAD AND LIFE PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Program Services			Supporting Services			Total 2018	Total 2017	
	Meals and Nutrition	Social Services	Total Program Services	Cost of Direct Benefit to Donors	Fund Raising	Management			Total Supporting Services
Salaries	\$ 511,522	\$ 579,776	\$ 1,091,298	\$ -	\$ 301,697	\$ 183,743	\$ 485,440	\$ 1,576,738	\$ 1,503,967
Payroll taxes and employee benefits (Note 7)	148,026	131,061	279,087	-	56,173	30,163	86,336	365,423	355,108
Total Salaries and Related Costs	659,548	710,837	1,370,385	-	357,870	213,906	571,776	1,942,161	1,859,075
Religious stipends	45,634	53,710	99,344	-	18,674	37,542	56,216	155,560	144,200
Volunteer expenses	6,255	8,415	14,670	-	58	2,781	2,839	17,509	16,559
Food purchases	653,052	419,859	1,072,911	-	119	427	546	1,073,457	912,772
Products and supplies	65,732	41,218	106,950	-	5,371	5,040	10,411	117,361	75,892
Hygenic and baby supplies	10	12,872	12,882	-	-	-	-	12,882	4,047
Holiday toys and gifts	-	42,773	42,773	-	-	-	-	42,773	58,829
Tokens and miscellaneous/client asst.	311	21,663	21,974	-	9	255	264	22,238	11,433
Consultants and outside services	8,986	8,636	17,622	-	53,839	16,461	70,300	87,922	67,113
Professional fees	6,988	4,661	11,649	-	7,391	37,352	44,743	56,392	162,694
Rent, utilities and parking	54,126	16,527	70,653	-	4,159	8,374	12,533	83,186	82,101
Repairs and maintenance	33,709	9,463	43,172	-	6,056	3,840	9,896	53,068	42,643
Insurance	41,231	40,579	81,810	-	7,481	25,045	32,526	114,336	73,581
Equipment rental (Note 8)	780	3,359	4,139	-	2,963	1,079	4,042	8,181	5,380
Office expense and supplies	4,449	-	4,449	-	-	-	-	4,449	32,106
Stationary and printing	55	6,593	6,648	-	3,215	55	3,270	9,918	19,944
Telephone	5,544	9,606	15,150	-	1,158	3,006	4,164	19,314	16,869
Postage	149	650	799	-	1,181	975	2,156	2,955	3,913
Special events meals and facility expenses	-	-	-	25,080	46,203	250	71,533	71,533	46,514
Vehicle expense	12,845	1,717	14,562	-	127	127	254	14,816	20,559
Training and development	2,038	2,760	4,798	-	1,704	3,217	4,921	9,719	7,475
Meetings and conferences	-	-	-	-	-	-	-	-	5,563
Dues, fees and subscriptions	2,361	14,686	17,047	-	1,193	1,247	2,440	19,487	14,779
Bank charges	3	14	17	-	10	18,137	18,147	18,164	15,115
Website development	830	2,355	3,185	-	4,455	1,255	5,710	8,895	12,625
Depreciation (Notes 2G and 6)	208,880	117,613	326,493	-	16,554	16,692	33,246	359,739	384,136
Bad debt expense	-	-	-	-	-	6,624	6,624	6,624	12,915
Miscellaneous	-	-	-	-	-	536	536	536	1,754
Total Other Expenses	1,153,968	839,729	1,993,697	25,080	181,920	190,317	397,317	2,391,014	2,251,511
Total Operating Expenses	\$ 1,813,516	\$ 1,550,566	\$ 3,364,082	\$ 25,080	\$ 539,790	\$ 404,223	\$ 969,093	\$ 4,333,175	\$ 4,110,586

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S BREAD AND LIFE PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services			Supporting Services			Total 2017	
	Meals and Nutrition	Social Services	Total Program Services	Cost of Direct Benefit to Donors	Fund Raising	Management		Total Supporting Services
Salaries	\$ 493,553	\$ 524,564	\$ 1,018,117	\$ -	\$ 299,377	\$ 186,473	\$ 485,850	\$ 1,503,967
Payroll taxes and employee benefits (Note 7)	160,716	113,530	274,246	-	49,277	31,585	80,862	355,108
Total Salaries and Related Costs	<u>654,269</u>	<u>638,094</u>	<u>1,292,363</u>	<u>-</u>	<u>348,654</u>	<u>218,058</u>	<u>566,712</u>	<u>1,859,075</u>
Religious stipends	50,855	45,920	96,775	-	18,970	28,455	47,425	144,200
Volunteer expenses	6,573	7,425	13,998	-	81	2,480	2,561	16,559
Food purchases	547,806	364,480	912,286	-	341	145	486	912,772
Products and supplies	53,166	20,988	74,154	-	722	1,016	1,738	75,892
Hygenic and baby supplies	-	4,047	4,047	-	-	-	-	4,047
Holiday toys and gifts	-	58,829	58,829	-	-	-	-	58,829
Tokens and miscellaneous/client asst.	314	11,038	11,352	-	15	66	81	11,433
Consultants and outside services	125	16,325	16,450	-	50,438	225	50,663	67,113
Professional fees	41,769	45,654	87,423	-	23,308	51,963	75,271	162,694
Rent, utilities and parking	54,394	15,832	70,226	-	3,958	7,917	11,875	82,101
Repairs and maintenance	27,201	9,323	36,524	-	2,655	3,464	6,119	42,643
Insurance	18,325	29,470	47,795	-	3,684	22,102	25,786	73,581
Equipment rental (Note 8)	732	2,517	3,249	-	1,332	799	2,131	5,380
Office expense and supplies	7,481	14,349	21,830	-	4,582	5,694	10,276	32,106
Stationary and printing	35	3,768	3,803	-	16,106	35	16,141	19,944
Telephone	4,959	8,376	13,335	-	921	2,613	3,534	16,869
Postage	152	1,535	1,687	-	1,220	1,006	2,226	3,913
Special events meals and facility expenses	-	-	-	24,525	21,989	-	46,514	46,514
Vehicle expense	17,874	1,672	19,546	-	764	249	1,013	20,559
Training and development	1,490	2,828	4,318	-	713	2,444	3,157	7,475
Meetings and conferences	787	1,192	1,979	-	1,579	2,005	3,584	5,563
Dues, fees and subscriptions	1,559	11,564	13,123	-	1,243	413	1,656	14,779
Bank charges	-	-	-	-	-	15,115	15,115	15,115
Website development	1,976	1,979	3,955	-	7,081	1,589	8,670	12,625
Depreciation (Notes 2G and 6)	222,151	126,057	348,208	-	17,964	17,964	35,928	384,136
Bad debt expense	-	-	-	-	-	12,915	12,915	12,915
Miscellaneous	-	672	672	-	-	1,082	1,082	1,754
Total Other Expenses	<u>1,059,724</u>	<u>805,840</u>	<u>1,865,564</u>	<u>24,525</u>	<u>179,666</u>	<u>181,756</u>	<u>385,947</u>	<u>2,251,511</u>
Total Operating Expenses	<u>\$ 1,713,993</u>	<u>\$ 1,443,934</u>	<u>\$ 3,157,927</u>	<u>\$ 24,525</u>	<u>\$ 528,320</u>	<u>\$ 399,814</u>	<u>\$ 952,659</u>	<u>\$ 4,110,586</u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S BREAD AND LIFE PROGRAM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (631,232)	\$ (621,131)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	359,739	384,136
Subtotal	359,739	384,136
Changes in operating assets and liabilities:		
Contributions receivable	83,488	(56,273)
Government receivable	(59,215)	(215,181)
Other receivables	3,620	(429)
Prepaid expenses	12,879	(4,705)
Inventory	15,903	(44,741)
Accounts payable and accrued expenses	(7,823)	50,776
Subtotal	48,852	(270,553)
Net Cash Used in Operating Activities	(222,641)	(507,548)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to fixed assets	(131,318)	(97,397)
Net Cash Used In Investing Activities	(131,318)	(97,397)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(353,959)	(604,945)
Cash and cash equivalents - beginning of year	432,536	1,037,481
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 78,577	\$ 432,536

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – ORGANIZATION AND PURPOSE

St. John's Bread & Life Program, Inc. ("Bread & Life" or the "Organization") was founded in 1982 as an outreach program of St. John the Baptist Roman Catholic Church (the "Parish") for the purpose of providing free nutritious meals to the residents of an impoverished Brooklyn community. Bread & Life was separately incorporated in 1993 and ceased to be an outreach program of the Parish at that time. In 2008, Bread & Life was further reorganized and is now a membership organization whose members are appointed by the president of St. John's University, New York (the "University"). Bread & Life is governed by a board of directors who are approved by the members. Bread & Life not only provides an estimated 3,500 meals per day, but also provides a setting where social service agencies can meet with and assist those in need. Bread & Life relies on food donations from governmental agencies, as well as monetary contributions from corporations, foundations, religious organizations and individuals.

Bread & Life has been determined by the Internal Revenue Service to be exempt from Federal income taxes pursuant to Section 501(c) (3) of the Internal Revenue Code of 1986, as amended.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – The books and records of Bread & Life are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.
- B. ***Financial Statement Presentation*** – Bread & Life reports its financial position and operating activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The classification of net assets and related support, revenue and expenses, is based on the presence or absence of donor-imposed restrictions.

These classifications are defined as follows:

Permanently Restricted - net assets generally of an endowment nature resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the recipient. Bread & Life has no permanently restricted net assets.

Temporarily Restricted - net assets resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions taken pursuant to those stipulations. When stipulations terminate or are fulfilled, the amounts involved are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unrestricted - unexpended net assets that are, neither permanently nor temporarily, restricted by donor-imposed stipulations.

- C. ***Cash and Cash Equivalents*** – For purposes of the statement of cash flows, Bread & Life considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. **Investments and Fair Value Measurements** – Investments are carried at fair value as determined in Note 5. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.
- E. **Allowance for Uncollectible Accounts** – Bread & Life evaluates the need for an allowance for uncollectible accounts based on a combination of factors such as management's assessment of the creditworthiness of its donors, a review of individual accounts outstanding, aged basis of the receivables, current economic conditions and historical experience. No allowance for doubtful accounts was considered necessary at June 30, 2018 and 2017.
- F. **Inventory** – Inventory consists of food and related household items and is recorded at cost using the first-in, first-out method. Donated items in inventory are recorded at fair market value.
- G. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which range from four to 50 years. Bread & Life capitalizes property and equipment with a cost of \$5,000 or more and a useful life of four years or greater. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.
- H. **Recognition of Support** – Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions that are not met in the same reporting period as received are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value. Contributions expected to be received after one year are discounted at a risk-free rate of return. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution.

- I. **In-Kind Donations** – Bread & Life receives contributions of food products and household items. Donated goods and services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The value of these contributions is reflected in the accompanying financial statements as in-kind contributions in the accompanying statements of activities, since they are subject to objective measurement or valuation. In-kind contributions for the years ended June 30, 2018 and 2017 amounted to \$168,616, and \$196,096, respectively.

In-Kind professional services for the years ended June 30, 2018 and 2017 amounted to \$22,494 and \$142,695, respectively.

- J. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. **Functional Allocation of Expenses** – The costs of providing the various programs of Bread & Life have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

At June 30, 2018 and 2017, contributions receivable is as follows:

	2018	2017
Amounts expected to be collected in:		
Less than one year	\$ 115,700	\$ 199,188
One to five years	-	-
	115,700	199,188
Less: discount for net present value	-	-
	\$ 115,700	\$ 199,188

NOTE 4 – GOVERNMENT RECEIVABLE

At June 30, 2018 and 2017, government receivable is as follows:

	2018	2017
NYS Office of Temporary & Disability Assistance - Targeted SNAP Outreach Program	\$ 33,354	\$ 99,682
Dormitory Authority of the State of New York - Non Profit Infrastructure Capital Investment Program	99,630	67,177
NYC Department of Youth & Community Development	-	41,621
New York Human Resources Administration	60,000	-
NYS Office of Temporary & Disability Assistance - Targeted Assistance Program	81,412	6,701
	\$ 274,396	\$ 215,181

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

- Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 - Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Certificate of Deposits are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. As such, Certificates of Deposit are designated as Level 2. The Organization did not hold any Level 3 financial instruments as of June 30, 2018 and 2017.

The Organization's policy is to recognize transfers into and out of levels as of the date of the transaction or change in circumstances that caused the transfer. For the years June 30, 2018 and 2017, there were no transfers.

Financial assets carried at fair value at June 30, 2018 and 2017 are classified in the table in one of the three levels as follows:

	<u>Level 2</u>	
	<u>2018</u>	<u>2017</u>
Certificate of deposit	<u>\$ 250,000</u>	<u>\$ 250,000</u>

The certificate of deposit is due to mature on August 6, 2018.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 987,533	\$ 987,533
Building	1,764,030	1,764,030
Building improvement	5,089,564	5,030,464
Furniture and equipment	1,160,113	1,087,895
Total property and equipment	<u>9,001,240</u>	<u>8,869,922</u>
Less: accumulated depreciation	<u>(3,585,189)</u>	<u>(3,225,450)</u>
Total property and equipment, net	<u>\$ 5,416,051</u>	<u>\$ 5,644,472</u>

Depreciation expense for fiscal years ending June 30, 2018 and 2017 was \$359,739 and \$384,136, respectively.

NOTE 7 – EMPLOYEE BENEFIT PLAN

Bread & Life has established a defined contribution salary deferral 403(b) plan covering substantially all eligible employees. Employer contributions amounted to \$31,380 and \$28,732 for the years ended June 30, 2018 and 2017, respectively.

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NOTE 8 – COMMITMENTS AND CONTINGENCIES

Bread & Life leases equipment under two operating leases that expire variably through 2021. Future minimum payments due under the leases for each of the years subsequent to June 30, 2018 are as follows:

2019	\$	6,861
2020		6,861
2021		<u>1,020</u>
	\$	<u>14,742</u>

Equipment rental expense amounted to \$8,181 and \$5,380 for the years ended June 30, 2018 and 2017, respectively.

Bread & Life believes it has no uncertain tax positions as of June 30, 2018 and 2017 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Bread & Life has temporarily restricted net assets that will be used in the future for the purpose of providing free nutritious meals to the residents of an impoverished Brooklyn community. Temporarily restricted net assets for the years ended June 30, 2018 and 2017 are summarized by donor as follows:

	July 1, 2017	Additions	Released for Operations	June 30, 2018
Robin Hood Foundation	\$ 87,500	\$ 325,000	\$ (331,250)	\$ 81,250
Single Stop USA	25,000	100,000	(125,000)	-
Leona M. & Harry B. Helmsley Charitable Trust	95,113	74,257	(91,310)	78,060
H.W. Wilson Foundation	25,000	-	(25,000)	-
Ponticus of North America	139,980	-	(48,942)	91,038
Lily Auchincloss Foundation	20,000	-	(20,000)	-
Raskob	-	20,000	(20,000)	-
Judith White Foundation	-	123,400	(110,750)	12,650
The Pret Foundation	9,770	-	(9,770)	-
Charles L. Keith/Clara S. Miller Fdn.	-	17,000	(17,000)	-
Frank J. Antun Foundation	-	10,000	(10,000)	-
Sisters of Mercy of the Americas	-	10,000	-	10,000
McInerney Family Foundation	-	16,000	-	16,000
Thomas & Paula McInerney	-	20,000	-	20,000
	<u>\$ 402,363</u>	<u>\$ 715,657</u>	<u>\$ (809,022)</u>	<u>\$ 308,998</u>

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NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

	July 1, 2016	Additions	Released for Operations	June 30, 2017
Robin Hood Foundation	\$ 116,667	\$ 350,000	\$ (379,167)	\$ 87,500
Single Stop USA	25,000	100,000	(100,000)	25,000
Leona M. & Harry B. Helmsley Charitable Trust	225,743	-	(130,630)	95,113
Barker Welfare Foundation	20,000	-	(20,000)	-
Mary J. Hutchins Foundation	25,000	-	(25,000)	-
H.W. Wilson Foundation	50,000	-	(25,000)	25,000
Ponticus of North America	-	149,980	(10,000)	139,980
Constans Culver Foundation	-	60,000	(60,000)	-
William Randolph Hearst Foundation	-	50,000	(50,000)	-
Lily Auchincloss Foundation	-	40,000	(20,000)	20,000
Blanche T. Enders Charitable Trust	-	23,000	(23,000)	-
The Pret Foundation	-	15,000	(5,230)	9,770
Investors Foundation	-	5,000	(5,000)	-
	<u>\$ 462,410</u>	<u>\$ 792,980</u>	<u>\$ (853,027)</u>	<u>\$ 402,363</u>

For the years ended June 30, 2018 and 2017, net assets amounting to \$809,022 and \$853,027, respectively, were released from restrictions by either satisfying a donor restriction or the passage of time, thus satisfying the restricted purposes.

NOTE 10 – CONCENTRATIONS

Financial instruments that potentially subject Bread & Life to a concentration of credit risk include cash and cash equivalent accounts with various financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. For years ending June 30, 2018 and 2017, both interest-bearing and non-interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2018 and 2017, Bread & Life exceeded the FDIC insurance limits by approximately \$137,000 and \$423,000, respectively. Management monitors its financial risks on a regular basis.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through October 24, 2018, the date the financial statements were available to be issued.